

To Representative Steve Bieda and the Honorable Members of the House Tax Policy Committee:

Written Testimony submitted by Harrell Scarcello

I started my interior design business in 1981 while I was in grad school. I have been able to grow my business steadily over these past 26 years and was delighted and proud to celebrate 25 years in business last year. I currently have an office in Bingham Farms. Scarcello Associates employs 8 people. We provide commercial design services to corporate, healthcare and university clients.

I am writing to urge you to repeal the ill-advised services tax enacted October 1, 2007 through PA5198. Although many have grumbled about Michigan taxes and the SBT, these have generally been viewed as fair and even-handed. This new services tax is capricious in targeting professions and industries that did not have the lobbying clout to get exempted. None of the other professions associated with the commercial real estate and construction industry are taxed. My primary competition for work is architectural firms with an interiors department. There is no way I can be competitive with a 6% premium on my services. I will have to eat this surcharge. In addition, the burden of record keeping, collecting tax and remitting to the state would be onerous and require me to pay my accounting person additional time for this work.

Surely the way to grow our state's economy is to support businesses as they develop and allow them to compete fairly in order to contribute to the economy. I cannot continue to grow my business with an arbitrary, unfair penalty like this tax. I hate to think that I worked hard for 26 years to have this misguided roadblock suddenly slammed in front of me. It will be devastating to me and many other similar firms. I urge you to repeal this tax and look for a fair, above board way to generate revenue.

Ms. Harrell Scarcello, ASID
President
4 November 2007